BILL ANALYSIS

Senate Research Center
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C.S.S.B. 2655
By: Flores
Local Government
5/6/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, 29 percent of Burnet County residents are either uninsured or dependent on Medicaid. Additionally, rural hospitals and healthcare facilities across Texas are facing significant financial challenges, which threaten their ability to serve their communities. Establishing a local provider participation fund, or LPPF, would create a sustainable funding mechanism tailored to the community's needs without burdening local taxpayers, expanding Medicaid, or requiring state funding. An LPPF is a mechanism for counties to generate funding for their hospitals and is a necessary tool to sustain and improve hospital services. A county that operates an LPPF collects administrative fees from private hospitals, which are then used as a source of the non-federal share of funding to unlock matching federal funds for supplemental Medicaid payments.

The purpose of this bill is to authorize Burnet County to establish a LPPF to allow them to continue meeting the community's medical needs, invest in medical technology, and retain and attract medical staff.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 2655 amends current law relating to the creation and operations of a health care provider participation program in certain counties.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 (Section 292E.154, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle D, Title 4, Health and Safety Code, by adding Chapter 292E, as follows:

CHAPTER 292E. COUNTY HEALTH CARE PROVIDER PARTICIPATION PROGRAM IN CERTAIN COUNTIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 292E.001. DEFINITIONS. Defines "institutional health care provider," "paying provider," and "program."

Sec. 292E.002. APPLICABILITY. Provides that this chapter applies only to a county that is not served by a hospital district or a public hospital, has a population of more than 46,000 and less than 50,000, and is adjacent to the county containing the state capital.

Sec. 292E.003. COUNTY HEALTH CARE PROVIDER PARTICIPATION PROGRAM; PARTICIPATION IN PROGRAM. (a) Provides that a county health care provider participation program authorizes a county to collect a mandatory payment from each institutional health care provider located in the county to be deposited in a local

provider participation fund established by the county. Authorizes money in the fund to be used by the county as provided by Section 292E.103(c).

(b) Authorizes the commissioners court of a county to adopt an order authorizing the county to participate in the program, subject to the limitations provided by this chapter.

SUBCHAPTER B. POWERS AND DUTIES OF COMMISSIONERS COURT

Sec. 292E.051. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY PAYMENTS. Provides that the commissioners court is authorized to require a mandatory payment under this chapter by an institutional health care provider in the county only in the manner provided by this chapter.

Sec. 292E.052. MAJORITY VOTE REQUIRED. Prohibits the commissioners court from authorizing the county to collect a mandatory payment under this chapter without an affirmative vote of a majority of the members of the commissioners court.

Sec. 292E.053. RULES AND PROCEDURES. Authorizes the commissioners court, after the commissioners court has voted to require a mandatory payment authorized under this chapter, to adopt rules relating to the administration of the program, including the collection of a mandatory payment, expenditures, an audit, and any other administrative aspect of the program.

Sec. 292E.054. INSTITUTIONAL HEALTH CARE PROVIDER REPORTING. (a) Requires the commissioners court of a county that authorizes the county to participate in a program under this chapter to require each institutional health care provider located in the county to submit to the county a copy of any financial and utilization data required by and reported to the Department of State Health Services (DSHS) under Sections 311.032 (Department Administration of Hospital Reporting and Collection System) and 311.033 (Financial and Utilization Data Required) and any rules adopted by the executive commissioner of the Health and Human Services Commission (HHSC) (executive commissioner) to implement those sections.

(b) Authorizes the commissioners court to inspect the records of an institutional health care provider in the county to the extent necessary to ensure compliance with the requirements of Subsection (a).

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

Sec. 292E.101. HEARING. (a) Requires the commissioners court, in each year that the commissioners court authorizes a mandatory payment under this chapter, to hold a public hearing on the amounts of any mandatory payments that the county intends to require during the year and how the revenue derived from those payments is to be spent.

(b) Requires the commissioners court, not later than the fifth day before the date of the hearing required under Subsection (a), to publish notice of the hearing in a newspaper of general circulation in the county and provide written notice of the hearing to each institutional health care provider located in the county.

(c) Provides that a representative of a paying provider is entitled to appear at the public hearing and be heard regarding any matter related to the mandatory payments authorized under this chapter.

Sec. 292E.102. LOCAL PROVIDER PARTICIPATION FUND; DEPOSITORY. (a) Requires the commissioners court of a county that requires a mandatory payment under this chapter to create a local provider participation fund.

(b) Requires the commissioners court of a county, if the commissioners court creates a local provider participation fund, to designate one or more banks as the depository for the county's local provider participation fund.

(c) Provides that the commissioners court is authorized to withdraw or use money in the county's local provider participation fund only for a purpose authorized under this chapter.

(d) Requires that all funds collected under this chapter be secured in the manner provided for securing other funds of the county.

Sec. 292E.103. LOCAL PROVIDER PARTICIPATION FUND; AUTHORIZED USES OF MONEY. (a) Provides that the local provider participation fund established by a county under Section 292E.102 consists of:

(1) all revenue received by the county attributable to mandatory payments authorized under this chapter, including any penalties and interest attributable to delinquent payments;

(2) money received from HHSC as a refund of an intergovernmental transfer described by Subsection (b)(1), provided that the intergovernmental transfer does not receive a federal matching payment; and

(3) the earnings of the fund.

(b) Provides that money deposited to a county's local provider participation fund is authorized to be used only to:

(1) fund intergovernmental transfers from the county to the state to provide the nonfederal share of Medicaid payments for certain payments and reimbursements;

(2) subject to Section 292E.151(e), pay the administrative expenses of the county in administering the program, including collateralization of deposits;

(3) refund all or a portion of a mandatory payment collected in error from a paying hospital; and

(4) refund to paying hospitals a proportionate share of the money that the county receives from HHSC that is not used to fund the nonfederal share of Medicaid supplemental payment program payments or determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

(c) Prohibits money in the local provider participation fund from being commingled with other county money.

(d) Prohibits any funds received by the state, county, or other entity as a result of an intergovernmental transfer of funds described by Subsection (b)(1) made by the county, notwithstanding any other provision of this chapter, with respect to the transfer, from being used by the state, county, or other entity to expand Medicaid eligibility under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

SUBCHAPTER D. MANDATORY PAYMENTS

Sec. 292E.151. MANDATORY PAYMENTS BASED ON PAYING HOSPITAL NET PATIENT REVENUE. (a) Requires the commissioners court, except as provided by Subsection (f), if the commissioners court of a county authorizes a program under this chapter, to require an annual mandatory payment to be assessed on the net patient revenue of each institutional health care provider located in the county. Requires the commissioners court to provide for the mandatory payment to be assessed quarterly. Provides that, in the first year in which the mandatory payment is required, the mandatory payment is assessed on the net patient revenue of an institutional health care provider as determined by the data reported to DSHS under Sections 311.032 and 311.033 in the most recent fiscal year for which that data was reported. Provides that, if the institutional health care provider did not report any data under those sections, the provider's net patient revenue is the amount of that revenue as contained in the provider's Medicare cost report submitted for the most recent fiscal year for which the provider submitted the Medicare cost report. Requires the commissioners court to update the amount of the mandatory payment on an annual basis.

(b) Requires the commissioners court of a county that requires a mandatory payment under this chapter to provide each institutional health care provider on which the payment will be assessed written notice of an assessment under this chapter. Requires the institutional health care provider to pay the assessment not later than the 30th day after the date the provider receives the written notice.

(c) Requires that the amount of a mandatory payment authorized under this chapter be uniformly proportionate with the amount of net patient revenue generated by each paying hospital in the administering county. Prohibits a program from holding harmless any institutional health care provider, as required under 42 U.S.C. Section 1396b(w) and 42 C.F.R. Section 433.68.

(d) Requires the commissioners court that requires a mandatory payment under this chapter to set the amount of the mandatory payment. Prohibits the aggregate amount of the mandatory payment required of all paying hospitals in the county from exceeding six percent of the aggregate net patient revenue from hospital services provided by all paying providers in the county.

(e) Requires the commissioners court of a county that requires a mandatory payment under this chapter, subject to Subsection (d), to set the mandatory payments in amounts that in the aggregate will generate sufficient revenue to cover the administrative expenses of the county for activities under this chapter and to fund an intergovernmental transfer described by Section 292E.103(b)(1). Prohibits the annual amount of revenue from mandatory payments that are authorized to be used to pay the administrative expenses of the county for activities under this chapter from exceeding $20,000, plus the cost of collateralization of deposits, regardless of actual expenses.

(f) Prohibits a paying provider from adding a mandatory payment required under this section as a surcharge to a patient.

Sec. 292E.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. (a) Authorizes the county to collect or contract for the assessment and collection of mandatory payments authorized under this chapter.

(b) Requires the person charged by the county with the assessment and collection of mandatory payments to charge and deduct from the mandatory payments collected for the county a collection fee in an amount not to exceed the person's usual and customary charges for like services.

(c) Requires that any revenue from a collection fee charged under Subsection (b), if the person charged with the assessment and collection of mandatory payments is an official of the county, to be deposited in the county general fund and, if appropriate, be reported as fees of the county.

Sec. 292E.153. PURPOSE; CORRECTION OF INVALID PROVISION OR PROCEDURE; LIMITATION OF AUTHORITY. (a) Provides that the purpose of this chapter is to authorize a county to establish a program to enable the county to collect mandatory payments from institutional health care providers to fund the nonfederal share of certain Medicaid programs as described by Section 292E.103(b)(1).

(b) Authorizes the commissioners court of the county administering the program, to the extent any provision or procedure under this chapter causes a mandatory payment authorized under this chapter to be ineligible for federal matching funds, to provide by rule for an alternative provision or procedure that conforms to the requirements of the federal Centers for Medicare and Medicaid Services. Prohibits a rule adopted under this section, from creating, imposing, or materially expanding the legal or financial liability or responsibility of the county or an institutional health care provider located in the county beyond the provisions of this chapter. Provides that this section does not require the commissioners court of a county to adopt a rule.

(c) Provides that a county administering a program is authorized to only assess and collect a mandatory payment authorized under this chapter if a waiver program, uniform rate enhancement, or reimbursement described by Section 292E.103(b)(1) is available to the county.

Sec. 292E.154. REPORTING REQUIREMENTS. (a) Requires the commissioners court of a county that authorizes a program under this chapter to report information to HHSC regarding the program on a schedule determined by HHSC.

(b) Requires that the information include the amount of the mandatory payments required and collected in each year the program is authorized and any expenditure or other use of money attributable to mandatory payments collected under this chapter.

(c) Authorizes the executive commissioner of HHSC to adopt rules to administer this section.

Sec. 292E.155. AUTHORITY TO REFUSE FOR VIOLATION. Authorizes HHSC to refuse to accept money from a local provider participation fund administered under this chapter if HHSC determines that acceptance of the money may violate federal law.

Sec. 292E.156. INTEREST AND PENALTIES. Authorizes the county to impose and collect interest and penalties on delinquent mandatory payments assessed under this chapter in any amount that does not exceed the maximum amount authorized for other delinquent payments owed to the county.

SECTION 2. Requires a state agency, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes a delay of implementation until such a waiver or authorization is granted.

SECTION 3. Effective date: upon passage or September 1, 2025.